

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fifteenth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-third day of July, two thousand twelve.



[REPUBLIC ACT NO. 10601]

AN ACT PROMOTING AGRICULTURAL AND FISHERIES
MECHANIZATION DEVELOPMENT IN THE
COUNTRY

*Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:*

SECTION 1. *Title.* – This Act shall be known as the
“Agricultural and Fisheries Mechanization (AFMech) Law”.

ARTICLE I

DECLARATION OF POLICY, DEFINITION OF TERMS
AND COVERAGE

SEC. 2. *Declaration of Policy.* – It shall be the policy
of the State to:

(a) Promote the development and adoption of modern, appropriate and cost-effective and environmentally-safe agricultural and fisheries machinery and equipment to enhance farm productivity and efficiency in order to achieve food security and safety and increase farmers' income;

(b) Provide a conducive environment to the local assembling and manufacturing of engines, machinery and equipment for agricultural and fisheries production, processing and marketing;

(c) Ensure the quality and safety of machineries and equipment locally manufactured or imported by strengthening regulation through the development and enforcement of machinery and machine performance standards, regular testing and evaluation, registration, and the accreditation and classification of suppliers, assemblers and manufacturers to ensure compliance to prescribed quality standards;

(d) Strengthen support services such as credit facilities, research, training and extension programs, rural infrastructures, postharvest facilities and marketing services;

(e) Unify, rationalize and strengthen the implementation, coordination of activities and mechanisms on agricultural and fisheries mechanization programs and projects; and

(f) Deliver integrated support services to farmers, fisherfolk and other stakeholders, and assist them to be able to viably operate and manage their agricultural and fisheries mechanization projects.

SEC. 3. *Definition of Terms.* - The following terms are defined, as follows:

(a) *Agricultural and fisheries machinery* refers to machinery and equipment for the production, harvesting, processing, storage, manufacture, preserving, transporting and distribution of agricultural and fisheries products. It includes, but is not limited to, tractors and their attachments, power tillers, seeders, transplanners, windmills, harvesting machines, crop protection and maintenance equipment, irrigation

equipment and accessories, greenhouses and other thermal conditioning equipment, livestock equipment, fishery equipment, slaughtering equipment, meat/fishery and crop processing equipment, postharvest machines such as milling machines, dryers, threshers, grain and other strippers, agricultural transport machinery and storage facilities including cold storage, reefer vans, slaughter houses and fishing boats of three (3) gross tons or less. New agricultural and fishery machinery includes newly imported as well as one that has not been used since its date of manufacture;

(b) *Agricultural and fisheries mechanization* refers to the development, adoption, assembly, manufacture and application of appropriate, location specific and cost-effective agricultural and fisheries machinery using human, animal, mechanical, electrical, renewable and other nonconventional sources of energy for agricultural production and postharvest/postproduction operations consistent with agronomic conditions and for efficient and economic farm and fishery management towards modernization of agriculture and fisheries;

(c) *Agro-industrial processing* refers to the local activity or series of activities to maintain or raise the quality or change the form or characteristics of agricultural, fisheries and forestry products. It also includes, but not limited to, cleaning, sorting, grading, mixing, milling, canning, dressing, slaughtering, freezing, pasteurizing, conditioning, packaging, repacking and transporting of said products; and

(d) *Fishing boat* refers to any boat, ship or other watercraft of three (3) gross tons or less, equipped to be used for taking of fishery species or aiding or assisting one (1) or more vessels in the performance of any activity relating to fishing including, but not limited to, preservation, supply, storage, refrigeration, transportation and/or processing.

SEC. 4. *Scope and Application.* - The provision of this Act shall apply to the research, development and extension, promotion, distribution, supply, assembling, manufacturing, regulation, use, operation, maintenance and project implementation of agricultural and fisheries machinery and equipment.

ARTICLE II

THE NATIONAL AGRI-FISHERY MECHANIZATION PROGRAM

SEC. 5. *The National Agri-fishery Mechanization Program.* - There shall be formulated a National Agri-fishery Mechanization Program by the Department of Agriculture (DA) with the following objectives:

(a) Promote and support through the provision of research grants, credit, transparent and predictable regulation, the local development and manufacture of agricultural and fisheries machinery by the private sector;

(b) Unify, lead and support the efforts of various institutions in the research, design and development of agricultural and fisheries machinery;

(c) Establish quality, safety and performance standards for agricultural and fisheries machinery;

(d) Support the establishment of quality, safety and performance testing centers for the certification of agricultural and fisheries machinery in strategic localities in the country;

(e) Establish guidelines for the registration of ownership of agricultural and fisheries machinery; and

(f) Promote the adoption of certified agricultural and fisheries machinery for improving agriculture and fishery productivity.

SEC. 6. *Program Implementation.* - The overall implementation of the National Agri-fishery Mechanization Program shall be coordinated by the DA through the Undersecretary duly designated by the Secretary who shall:

(a) Conduct the formulation and review of the five-year National Agri-fishery Mechanization Program for the DA;

(b) Provide leadership in the formulation of guidelines for the registration of ownership of agricultural and fisheries machinery;

(c) Ensure the formulation of quality, safety and performance standards for agricultural and fisheries machinery;

(d) Ensure the formulation of accreditation guidelines for testing centers for agricultural and fisheries machinery;

(e) Formulate and enforce guidelines for the credit program to include, but not limited to, access, disbursement and repayment:

(f) Oversee the implementation of the National Agri-fishery Mechanization Program by the various units of the Department; and

(g) Coordinate with other government agencies and local government units (LGUs) in the implementation of measures provided for in this Act.

ARTICLE III

RESEARCH, EXTENSION AND HUMAN RESOURCE DEVELOPMENT

SEC. 7. *Unified National Research and Development (R&D) and Extension Agenda.* – A unified National Agricultural and Fisheries Mechanization Research and Development and Extension (RDE) Agenda shall be formulated and implemented by the DA: *Provided*, That the DA, through the Philippine Center for Postharvest Development and Mechanization (PHilMech) as focal agency, shall integrate and unify all agricultural and fisheries mechanization RDE programs and projects of all concerned national government agencies, Local Government Units (LGUs), state universities and colleges (SUCs), which shall be geared towards development of machineries and equipment, job generation, address market and industry demands and help accelerate agricultural and fisheries modernization in the countryside.

The National Agricultural and Fisheries Mechanization RDE Agenda shall include, but not be limited, to the following:

(a) Development, pilot-testing and commercialization of appropriate, location-specific and cost-effective agricultural and

fisheries machinery and equipment in support to contiguous farming and machinery pooling;

(b) Design and testing of new machineries and equipment for agriculture and fisheries;

(c) Local manufacture and assembly of agricultural engines and equipment;

(d) Development and utilization of renewable and nonconventional energy resources such as wind, biomass, hydro, solar and biofuels for agricultural and fisheries equipment and machineries;

(e) Development of efficient production and postproduction mechanization systems;

(f) Continuous development of technical standards and testing procedures for quality agricultural machinery and components;

(g) Training of farmers, fisherfolk, manufacturers, extension workers, agricultural engineers, technicians and operators engaged in the agricultural and fisheries mechanization;

(h) Promotion of technologies through agricultural and industrial extension activities and techno-demo centers;

(i) Development of prototype and fabrication of agricultural machinery and equipment; and

(j) Development and conduct of commercialization strategies involving all sectors representing the demand and supply sides of agricultural and fisheries mechanization technologies.

SEC. 8. *Agri-fisheries Mechanization RDE Network.* - An Agricultural and Fisheries Mechanization RDE Network is hereby organized and composed of research and educational institutions, LGUs, nongovernment organizations and the recognized and well-established associations of agricultural and fisheries machinery assemblers, manufacturers and distributors, agricultural engineers, farmers and fisherfolk.

The Agricultural and Fisheries Mechanization RDE Network shall be responsible for the formulation and implementation of the National Agricultural and Fisheries Mechanization RDE Agenda. The PHilMech shall be responsible for organizing the Network and shall serve as secretariat to the Network. The Network shall be chaired by the Director of the PHilMech.

Moreover, the Agricultural Mechanization Development Program of the University of the Philippines, Los Baños (UPLB), which is part of the Network, shall be strengthened and institutionalized to lead and coordinate the agricultural and fishery mechanization RDE program of all academic institutions in the country.

SEC. 9. Agri-fisheries Machinery and Equipment Service Centers. – The DA and the LGUs shall encourage and support the private sector and other rural entrepreneurs to establish and operate agricultural and fishery machinery and equipment service centers in the Strategic Agricultural and Fishery Development Zones (SAFDZs) and Agrarian Reform Communities.

The Agri-fisheries Machinery and Equipment Service Centers shall be operated as business enterprises that will provide the following services:

- (a) After-sales service and warranty to their respective clients;
- (b) Custom plowing, harrowing, harvesting, drying, milling and other farm mechanization services;
- (c) Repair and troubleshooting services of agricultural and fishery machinery and equipment; and
- (d) Training of maintenance and proper use of agricultural machineries and equipment.

The ownership and operation of Agri-fisheries Machinery and Equipment Service Centers shall not be the exclusive domain of equipment and machineries suppliers. These may be owned and operated by registered cooperatives or by businesses registered with the Securities and Exchange Commission (SEC) or with the Department of Trade and Industry (DTI).

SEC. 10. *Agri-fisheries Mechanization and Engineering Resource Network.* – The existing agricultural machinery information and database of the PHilMech shall be strengthened into an agri-fishery mechanization and engineering resource network. It will also be used or tapped as a facility for the online registration of agri-fisheries machinery and equipment, and monitoring of agri-fisheries mechanization and infrastructure projects. This network shall be linked to other existing information and database networks of the DA, the Agricultural Machinery Information Network of the Department of Science and Technology (DOST), the Agricultural Mechanization Development Program of the UPLB and of other government agencies.

SEC. 11. *Research Grants.* – To enhance research and technological development on agricultural and fisheries mechanization, the government through the Bureau of Agricultural Research (BAR) of the DA, the DOST and the Commission on Higher Education (CHED) shall provide competitive research grants to members of the Network to undertake needs-oriented research as well as institutional development and upgrading of laboratory facilities and equipment.

SEC. 12. *Training and Scholarship Program.* – The DA, in partnership with SUCs and the private sector, shall train the agricultural extension workers and agricultural engineers of the LGUs who in turn shall train the farmers and fisherfolk on agricultural and fisheries mechanization technologies and practices.

The Department of Labor and Employment (DOLE) and the Technical Education and Skills Development Authority (TESDA) shall be responsible in the training of agricultural and fisheries machinery technicians and operators.

Furthermore, scholarships for graduate and undergraduate degrees on agricultural engineering and trade/vocational courses on agricultural and fisheries mechanization shall be given priority by the DA, the CHED and the DOST.

SEC. 13. *Manpower Complement.* – All agricultural and fisheries machinery pools and service centers, including sales

and distribution outlets and manufacturing establishments, either public or private, shall have the required manpower complement of licensed agricultural engineers and certified technicians and operators, in accordance with the guidelines and standards to be promulgated by the Board of Agricultural Engineering (BoAE) of the Professional Regulation Commission (PRC) and the DOLE to ensure efficient operation and maintenance and good management practices. The DA shall ensure compliance to this manpower complement requirement.

SEC. 14. *Skills Certification of Agricultural Machinery Technicians and Operators.* – The TESDA, in collaboration with the DA, the BoAE and the national associations of agricultural engineers and agricultural machinery assemblers, manufacturers and distributors, shall undertake skills certification and accreditation systems for agricultural and fishery machinery operators and technicians.

ARTICLE IV

LOCAL ASSEMBLY, MANUFACTURE, SUPPLY AND AFTER-SALES SERVICE

SEC. 15. *Local Assembling and Manufacturing.* – Production of locally-made engines and other machinery for agricultural and fisheries purposes shall be promoted and encouraged by the DA in partnership with the private sector, and through joint venture agreements. For this purpose, the DA in partnership with the recognized national organization of agricultural machinery assemblers, manufacturers and distributors, agricultural engineers and the DOST shall undertake the feasibility study and R&D for the local assembly and manufacture of agricultural engines/prime mover, and other agricultural machinery and equipment.

SEC. 16. *Incentives for Local Manufacturers and Assemblers of Agri-fisheries Machinery.* – Ventures in local manufacture, fabrication and assembly of agri-fisheries machinery and equipment shall be eligible for loans under the Agricultural Competitiveness Enhancement Fund (ACEF) under the program of the DA. These businesses shall be granted incentives as long as they are considered as registered enterprises engaged in a preferred area of investment pursuant to Article 39 of Executive Order No. 226. as amended.

SEC. 17. *After-Sales Service.* – All agricultural and fisheries machinery assemblers, manufacturers, importers, suppliers, distributors and dealers are required to provide after-sales service and warranty to their respective clients which shall be monitored by the agriculture offices of the LGUs and the Bureau of Agricultural and Fisheries Engineering (BAFE), created under Section 24 of this Act.

ARTICLE V

TESTING AND EVALUATION, REGISTRATION, STANDARDIZATION AND ACCREDITATION

SEC. 18. *Testing and Evaluation.* – Agricultural and fisheries machinery and equipment to be sold in the market shall pass through testing and evaluation by the Agricultural Machinery Testing and Evaluation Center (AMTEC) in accordance with the national policies and guidelines to be promulgated by the Secretary. Specifically, before it can be assembled, manufactured and commercially sold in the market, the model of the machine and any modification, thereof should be tested by the AMTEC and should pass the prescribed quality and performance standards. The regular testing and evaluation of machinery sold shall be undertaken by the AMTEC on new models and design. Field tests shall likewise be undertaken by the AMTEC to ensure consistent quality of test units as well as on the commercial units. The BAFE shall maintain a certification registry of equipment and machinery as well as a registry of those denied certification.

SEC. 19. *Registration of Ownership of Agricultural and Fishery Machinery and Equipment.* – All owners of agricultural and fishery machinery and equipment must register these with the agriculture offices of municipal and city government units. The agriculture offices of the LGUs shall establish and maintain a registry of agricultural and fishery machinery at the municipal, city and provincial levels. The DA Regional Agricultural Engineering Division shall maintain a registry of agricultural and fishery machinery at the regional office whereas the BAFE shall maintain a national database of all registered agricultural and fishery machinery. Each office shall ensure that these registries and databases are available through the internet. The Secretary shall promulgate national guidelines and procedures for the registration of agricultural

and fisheries machinery by the LGUs, including the collection of registration fees in accordance with the Local Government Code.

SEC. 20. Registration of Manufacturers, Fabricators, Assemblers and Importers. – Within six (6) months upon the enactment of this Act, all manufacturers, fabricators, assemblers and importers must register with the BAFE.

Three (3) years upon the enactment of this Act, registrants must provide certification by an accredited certifying body of all products that they have in the market or intend to market and withdraw all products that have no certification. One (1) year after the enactment of this Act, the registrants must submit to the BAFE the list of equipment/machineries manufactured/fabricated/assembled/imported.

SEC. 21. Standards Development and Enforcement. – The DA, through the Bureau of Agriculture and Fisheries Product Standards (BAFPS), in coordination with the DTI, the DOST, the BoAE and the AMTEC, and in consultation with the accredited associations of farmers and fisherfolk, agricultural machinery assemblers, manufacturers and distributors and agricultural engineers shall develop standards specifications and test procedures of agricultural and fishery machinery and equipment. These standards should be in conformity with the International Standards Organization (ISO) and shall be part of the existing Philippine Agricultural Engineering Standards (PAES).

Thereafter, the DA and the LGUs, in collaboration with the BoAE, shall enforce the above standards on the manufacture, sale and distribution of agricultural and fisheries machinery and equipment, and its accreditation system for agricultural and fisheries facilities and establishments.

The Secretary shall deputize the agriculture offices of the LGUs to monitor the implementation of regulation concerning certification, registration of manufacturers, assemblers, dealers or importers and accreditation of agricultural and fishery machinery and equipment testing centers.

The Department of Public Works and Highways (DPWH) and the local building officials, consistent with the provisions

of Republic Act No. 8559, otherwise known as the "Philippine Agricultural Engineering Act of 1998", and in coordination with the agriculture offices of the LGUs shall enforce the PAES as part of the implementation of the National Building Code of the Philippines particularly in the design, construction, operation and maintenance of agricultural and fisheries buildings and structures.

SEC. 22. Classification and Accreditation of Assemblers, Manufacturers, Importers, Suppliers, Distributors and Dealers. - Agricultural and fisheries machinery assemblers, manufacturers, importers and suppliers, distributors and dealers shall be classified into small, medium and large, and shall be encouraged to have their manufacturing/service facility build-up: *Provided*, That agricultural and fisheries machinery assemblers, manufacturers, importers, suppliers, distributors and dealers shall be classified and accredited based on their organizational strengths and track record, area of operation, marketing and distribution network, after-sales service and manufacturing capabilities.

For this purpose, the DA shall encourage and assist in the organization of a private-led classification and accreditation system for agricultural machinery assemblers, manufacturers, importers, suppliers, distributors and dealers.

ARTICLE VI

INSTITUTIONS

SEC. 23. Agricultural and Fisheries Mechanization Committee. - The Agricultural and Fisheries Mechanization Committee (AFMeC) under the National Agricultural and Fishery Council (NAFC) shall act as an advisory body to ensure the success of the programs and activities of the DA concerning agricultural and fisheries mechanization. It shall also serve as the consultative and feedback mechanism from the lowest possible level to the top decision makers and to assist in defining and formulating the goals and scope of the country's agricultural and fisheries mechanization and infrastructure policies, plans and programs. The agricultural and fisheries mechanization committees under the regional, provincial, city, municipal and barangay agricultural and fishery councils shall integrate, coordinate, unify and monitor

the field implementation of the agri-fisheries mechanization and infrastructure projects of various national government agencies, LGUs, banking and financial institutions and the private sector.

SEC. 24. *Strengthening the DA Agricultural and Fishery Engineering Groups.* – Pursuant to Section 46 of Republic Act No. 8435, otherwise known as the “Agriculture and Fisheries Modernization Act of 1997”, a Bureau of Agricultural and Fisheries Engineering (BAFE) is hereby created as a regular bureau of the DA which shall be under the supervision of the DA Undersecretary and shall have the following functions and responsibilities:

(a) Coordinate, oversee and monitor the national planning and implementation of agri-fisheries engineering, farm-to-market road and other agri-fisheries infrastructure projects;

(b) Assist in the national planning, coordination and implementation of the national agri-fisheries mechanization programs;

(c) Prepare, evaluate, validate and recommend engineering plans, designs and technical specifications on agri-fisheries mechanization and infrastructure projects;

(d) Oversee and provide technical assistance to the operations of the agricultural engineering divisions of the DA regional field units;

(e) Coordinate and integrate all agricultural and fisheries engineering activities of the DA bureaus, attached agencies and corporations;

(f) Coordinate and monitor the enforcement of standards and other regulatory policies on agricultural and fishery engineering;

(g) Implement accreditation and registration scheme for agriculture and fishery machinery, tools and equipment, in coordination with technology generators;

(h) Issue permits to operate to agriculture and fishery tools and equipment manufacturers, fabricators, assemblers and importers; and

(i) Promulgate and implement accreditation guidelines for testing centers.

The BAFE shall be headed by a Bureau Director and Assistant Bureau Director, all appointed by the President.

The BAFE shall have the following divisions: (1) Engineering Plans, Designs and Specifications; (2) Programs and Projects Management; (3) Standards Regulation and Enforcement; and (4) Administration and Finance.

Modifications shall be made in the organizational structure and staffing pattern of the regional field units of the DA for the creation of Agricultural Engineering Division to strengthen the provision of agricultural engineering services necessary to carry out the field implementation of the agricultural and fishery engineering, mechanization and infrastructure programs and projects of the DA.

All concerned bureaus and attached agencies of the DA implementing agri-fishery mechanization and infrastructure projects shall review and modify their organizational structure and staffing pattern with the end-view of strengthening the provision of agricultural engineering services as part of the overall network of the BAFE.

SEC. 25. *Philippine Center for Postharvest Development and Mechanization (PHILMech)*. - The PHILMech shall coordinate, plan and execute agricultural and fishery mechanization and postharvest RDE programs and projects of the DA.

SEC. 26. *Bureau of Agriculture and Fisheries Product Standards*. - The BAFPS, in addition to its functions under Sections 62 and 63 of Republic Act No. 8435, shall develop standards for agriculture and fishery machinery, tools and equipment in coordination with accredited testing centers, and other concerned government and private entities.

The BAFPS is hereby renamed into Bureau of Agriculture and Fisheries Standards (BAFS) and authorized to

create a new section under the current Standards Development Division on agricultural and fisheries machinery regulations. It may call upon experts, professional groups and other government agencies to assist in the performance of its functions.

SEC. 27. *Agricultural Machinery Testing and Evaluation Centers (AMTEC)*. – The AMTEC of the College of Engineering and Agro-Industrial Technology (CEAT) of the UPLB is hereby institutionalized. The AMTEC is hereby designated as the premier and reference testing center in the country, and for purposes of functional coordination and integration, shall closely coordinate its activities with the BAFS and BAFE. As the premier testing center, it shall assist the BAFS in the formulation of quality, safety and performance standards of agricultural and fisheries machinery and of accreditation guidelines for testing centers. It shall also provide technical assistance in the establishment of testing centers in other parts of the country.

ARTICLE VII

RESPONSIBILITIES OF THE LOCAL GOVERNMENT UNITS

SEC. 28. *Implementation by the LGUs*. – The LGUs, pursuant to the provisions of Republic Act No. 7160, otherwise known as the “Local Government Code of 1991”, shall undertake applied research, extension, dispersal, management and regulation of agricultural and fisheries machinery and equipment, including the collection of fees.

SEC. 29. *Strengthening the Agricultural Engineering Groups of the LGUs*. – The agricultural engineering division/section of the agriculture offices of the LGUs organized under Executive Order No. 86, Series of 1999 and Section 46 of Republic Act No. 8435 shall serve as the planning, coordinating, regulating and implementing bodies at the provincial, city and municipal levels on agricultural and fisheries engineering, mechanization and infrastructure programs and projects and shall have the following functions and responsibilities:

(a) Provide agricultural engineering services which include engineering survey, preparation and evaluation of plans, designs, technical specifications, feasibility studies and cost estimates/program of work of irrigation, small water impounding, soil conservation and management, farm machinery, slaughterhouses, poultry dressing plants, postharvest facilities, auction markets, farm-to-market roads and other agricultural and fisheries infrastructure projects of the LGUs;

(b) Administer, supervise and coordinate the construction, operation, maintenance, improvement and management of irrigation, small water impounding, soil and water conservation structures and facilities, farm machinery, postharvest facilities, auction markets, farm-to-market roads and other agricultural and fisheries infrastructure projects of the LGUs;

(c) Undertake the registration of agri-fishery machinery and facilities, enforcement of the PAES and other agricultural and fishery engineering regulatory activities in coordination and collaboration with the concerned national government agencies;

(d) Coordinate with the concerned national government agencies with regard to the implementation of national government programs and projects on irrigation, farm mechanization, postharvest facilities, farm-to-market roads and agricultural and fisheries infrastructure;

(e) Be in the frontline of the delivery of basic agricultural engineering services;

(f) Provide training and extension activities to farmers and fisherfolk particularly in the installation, operation and maintenance of their irrigation, postharvest facilities, agricultural and fishery machinery projects in coordination with the agriculture and fisheries extension workers;

(g) Undertake and/or coordinate the pilot testing and commercialization of matured agricultural and fisheries engineering technologies; and

(h) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

To effectively carry out the above functions and responsibilities, the agricultural engineering division of the provincial and city agriculture offices, and agricultural engineering section in the municipal agriculture offices are hereby strengthened and institutionalized into the organizational structure of the LGUs, and if not yet existing, shall be created in the particular LGUs. The LGUs belonging to the first up to the third income classes which are providing or implementing agricultural and fisheries infrastructure, mechanization and engineering projects shall hire at least one (1) agricultural engineer at the provincial, city and municipal levels.

In the case of provincial, city and municipal LGUs belonging to the fourth up to the sixth income classes which are not capable of establishing their agricultural engineering division/section due to financial constraints, the DA through its regional agricultural engineering divisions shall augment and perform such responsibilities and, as deemed necessary, establish its provincial, city and municipal operation units, and shall be allocated and provided with necessary funding and manpower requirements for their operation.

ARTICLE VIII

PROHIBITED ACTS, PENALTIES AND SANCTIONS

SEC. 30. *Prohibited Acts.* – It is unlawful for any person to:

(a) Sell, mortgage or lease agricultural and fishery machinery without being registered with the BAFFE;

(b) Sell new agricultural and fishery machinery without warranty or after-sales service;

(c) Claim ownership to an agricultural and fishery machinery that has not been properly registered in his/her name; and

(d) Operate a testing center without proper accreditation.

SEC. 31. *Penalties.* – Any person who shall violate any provision of this Act shall, upon conviction, be subject to a

fine of not less than One thousand pesos (P1,000.00) but not more than Ten thousand pesos (P10,000.00) or imprisonment of not less than two (2) months but not more than one (1) year, or both, upon the discretion of the court and/or other applicable penalties imposed under Republic Act No. 7394, otherwise known as the "Consumer Act of the Philippines". The purchase of noncertified or substandard agricultural and fishery machinery for the government shall be dealt with under Republic Act No. 3019, as amended, otherwise known as the "Anti-Graft and Corrupt Practices Act."

SEC. 32. *Sanctions.* – This provision shall take effect four (4) years upon the enactment of this Act when all regulatory provisions have already been in place. The Secretary or his duly authorized representative has the power to file before the proper court or regulatory agency the:

(a) Forfeiture proceedings for agricultural and fishery machinery that is not duly certified, without serial number and without warranty, and is substandard;

(b) Closure proceedings against business entities not duly registered as manufacturers, assemblers, dealers or importers of agricultural and fishery machinery, or sells new agricultural and fishery machinery not duly certified, without a serial number, or without warranty, without after-sales service and substandard; and

(c) Closure proceedings against testing centers that has not been duly accredited.

Any business that sells new agricultural and fishery machinery which was not duly certified, without a serial number, without warranty, or without after-sales service shall be given one (1) month to refund or replace the sold machinery duly corrected for any deficiency as indicated. Failure to do so shall result to corresponding legal action against the offending party.

ARTICLE IX

MISCELLANEOUS PROVISIONS

SEC. 33. *Agricultural and Fisheries Mechanization Programs at the Local Levels.* – The LGUs. through an

ordinance, shall also formulate in consultation with the DA and implement their respective provincial, city and municipal agricultural and fishery mechanization plans as a vital component of their respective local development plans.

SEC. 34. *Contiguous Farming.* – The DA, together with the Department of Agrarian Reform (DAR), shall carry out contiguous farming projects in order to effect suitable field shapes and sizes conducive to efficient operation of agricultural machinery and equipment and likewise to ensure economies of scale. The contiguous farming projects shall:

(a) Promote farm land clustering with a minimum of fifty (50)-hectare cluster for synchronized farming operations, from land preparation to harvesting, in cooperation or contract with agricultural mechanized operation service providers;

(b) Undertake farm development planning; and

(c) Promote the strengthening of farmers cooperatives and associations.

SEC. 35. *Use of Renewable Energy.* – The use of renewable and nonconventional energy such as wind, solar, hydro, biomass and other farm-based energy sources shall be promoted as power sources for the operation and maintenance of agricultural and fisheries machinery. The DA, in coordination with the Department of Energy (DOE), the DOST and SUCs, and the private sector shall undertake research and extension activities to enhance the use of renewable and nonconventional energy in agricultural and fisheries operations.

SEC. 36. *Infrastructure Support.* – The government shall provide priority investment for the infrastructure needs in clustered farm land identified as key agricultural and fishery production areas to accelerate agricultural and fisheries mechanization in the countryside and this includes irrigation, farm-to-market roads, postharvest, power and communications facilities.

SEC. 37. *Implementing Rules and Regulations.* – The DA, within six (6) months upon the enactment of this Act and in consultation with the stakeholders and other government agencies, shall promulgate the necessary rules and regulations to implement this Act.

SEC. 38. *Funding.* – The Secretary of Agriculture shall include in the DA's program the implementation of this Act, the funding of which shall be included in the annual General Appropriations Act.

The DA shall likewise set aside funds from the Agricultural Competitiveness Enhancement Fund (ACEF) for grants to upgrade the AMTEC and to establish one (1) testing center in Visayas and one (1) testing center in Mindanao.

The BAR shall allocate funds annually from its regular R&D funds to support research programs, processing of patent applications, and testing and certification of locally designed agri-fisheries equipment and machineries.

All LGUs shall include in their investment plans, as part of the priority appropriations for local development fund, the funding support for the implementation of their respective provincial, city, municipal and barangay agricultural and fisheries mechanization programs in accordance with Republic Act No. 7160 and its implementing rules and regulations and the Department of the Interior and Local Government-Department of Budget and Management (DILG-DBM) Joint Memorandum Circular No. 1, Series of 2005.

The CHED shall allocate funds from the Higher Education Development Fund necessary for the upgrading of agri-fisheries mechanization and engineering laboratory facilities of concerned SUCs, faculty training program and scholarships.

The TESDA shall likewise allocate funds from its annual appropriations necessary for the skills certification and training program for agri-fishery machinery technicians and operators.


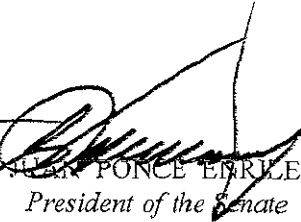
SEC. 39. *Congressional Oversight Committee.* – The Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) shall be the congressional oversight committee for purposes of this Act.

SEC. 40. *Separability Clause.* – The provisions of this Act are hereby declared separable and if any clause, sentence, provision or section hereof should be declared invalid, such invalidity shall not affect the other provisions of this Act which can be given force and effect without the provisions which have been declared invalid.


SEC. 41. *Repealing Clause.* – All laws, decrees, executive orders and other administrative issuances and parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.


SEC. 42. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days from its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,


 FELICIANO BELMONTE JR. 
Speaker of the House of Representatives *President of the Senate*

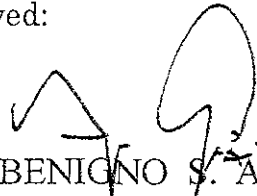
This Act which is a consolidation of Senate Bill No. 3338 and House Bill No. 6548 was finally passed by the Senate and the House of Representatives on February 4, 2013.


 MARILYN B. BARUA YAP
Secretary General
House of Representatives


 EDWIN B. BELLEN
Acting Senate Secretary

JUN 05 2013

Approved:


 BENIGNO S. AQUINO III
President of the Philippines



Office of the President of the Philippines



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